

## **Tempe Budget Employee Forum**

Feb. 11, 2010, at 2 p.m.

Council Chambers

The following is a recap of questions asked and answers given during the second of four employee forums held in February 2010 regarding the 2010-11 city budget balancing effort. All answers were provided by City Manager Charlie Meyer unless otherwise noted. To view video of the entire forum and hear the Q&A verbatim, visit [www.tempe.gov/budgetplan](http://www.tempe.gov/budgetplan), click on the "Current 2010-11 Budget Process" tab and scroll down to the link under the Feb. 11 employee forum.

**Q1: During the first employee forum it was talked about that employees whose positions are slated for elimination may be allowed to leave after receiving their 90-day notification but be paid through June. Is that true?**

**A:** It is under consideration. Department heads discussed that issue today. We want to avoid disruptions in service but we would like to be able to make that work. We are working through concerns because if there were no controls and many people left at once, there could be service issues.

**Q2: Could there be a moratorium on charities that the city pays. It is about \$1 million. That might save some jobs.**

**A:** The city makes contributions to agencies that operate in Tempe. Within the next 30 days, Council will consider funding a list of recommended agencies. The funding was scaled back for this round, however Council could consider the option you raise.

**Q3: At the start of this budget process, departments were given targets. Has any consideration been given to not hit an area again that had been hit heavily in 2009-10?**

**A:** This year when we met with Council in October they said they did not want across the board cuts. Instead we used results teams. The Target Reduction Results Team looked at a dozen different ways to set targets and came up with six. One of those is historic growth in all departments from 2002 to the present. Another criteria was ratio of supervisors to employees. Costs per capita were also considered. When they finished their work, I thought it was excellent work but implementing the suggestions would have had the effect of reversing the priorities of Council over the last several years. So we tempered their recommendations with a modified across the board formula.

**Q4: Should the contracts with the Kiwanis Club for the July 4<sup>th</sup> and with the Fiesta Bowl for the block party be opened up and renegotiated because, as of today, the city absorbs all costs and expenses for the events. Get rid of the MLK and Cesar Chavez holidays – double time and half would then be gone for PD, Fire and Public Works. Do away with tuition reimbursement.**

**A:** These are probably more suggestions than questions but the City Council has directed us to look at contracts in general. With regard to the holidays and benefits, those are part of the larger issue of our MOUs with employee groups. Three of the four contracts are

tied up through June 2011. These are options to consider but not unless the MOUs were opened.

**Q5: How will the bumping process work?**

**A:** (Answer given by Human Resources Manager Renie Broderick) In general when you are notified your position has been slated for elimination, you will be notified of your specific bumping rights. You can bump into a previously held position or bump the least senior person within your job family. You have 10 days from the date of notification to decide and you'll have a form to fill out. Once HR has your decision, they can work with you. Bumping causes a domino effect of someone else then getting to consider their options. We usually have about 2-3 tiers of this domino effect.

**Q6: How does bumping differ from HR's Accelerated Placement Program (APP)?**

**A:** The APP was created by HR and it has nothing to do with bumping. The basic principle that HR has is not to interfere with someone's bumping rights. We are not going to be placing a person in the APP that cheats someone out of their right to bump. APP is for vacancies that we need to fill that no one can bump into. If an employee slated for elimination meets the minimum qualifications and they are interested in a position, there will be an interview process and then the person would be placed in the position.

**Q7: How does bumping work within flex classes. And if you have to bump within a family, do you have to bump the least senior person?**

**A:** With regard to flex classes, those are considered one classification for bumping purposes. Yes, in the end, you must bump the least senior person in the job family.

**Q8: Would temp employees be cut before benefitted employees?**

**A:** The general principle is yes but there are times that doesn't make sense. An example is that Parks and Recreation hires lots of temps to run classes. If we are hiring them to run a specific class, it does not serve a purpose to eliminate that person and leave only a full-time Recreation Coordinator who would have no one working for them. We have to watch to make sure we aren't doing something that makes no sense.

**Q9: Does a full-time person have to bump into part-time if it's the least senior position or do you get the least senior full-time position. And, if you bump into a position that makes less than you do, what happens?**

**A:** A full-time person would bump into a full-time position. And if your former position makes more than the position you bump into, you would be paid at the top of the range of the position you bumped into.

**Q10: Why were the budget/staffing cuts that will be required for the reductions in HURF and the transit tax not considered as part of the total budget solution?**

**A:** The plan I presented to Council is not a total budget solution. The General Fund is what we're addressing right now, not the other funds, but there is no real way to disconnect these things in city government. The Solid Waste and Water funds, which run on Council-set user fees, are solid. All other funds, with revenues controlled by other parties, are experiencing challenges. The HURF fund, Transit, Golf, Cemetery and Arts

all have challenges and there will be need for reductions in these funds. There's no point in cutting back in the special funds that are doing well; in fact, these two funds have been very helpful in placing employees who had been paid by the General Fund.

**Q11: If someone in a special fund has their position eliminated and they were looking to bump, could that happen between funds?**

**A:** Yes, that could happen.

**Q12: Why is the Transit fund on a different timeline?**

**A:** The Transit fund is not on a different fiscal year – we're just on a slightly different timeline in terms of addressing the issues in that fund. We're trying to bring forward solutions to all of our funds. The Arts fund, for example, has a less immediate need to be addressed. The Transit fund has an immediate problem and I would hope that soon our Transit fund decisions will be concurrent with our General Fund decisions.

**Q13: Have you thought about closing city operations for one day a week?**

**A:** We examined that as part of the 2009-10 budget process. The majority of city employees do not work conventional Monday-Friday 8 a.m. to 5 p.m. schedules – only about one-third of our employees do. So it is not clear if we made a change like closing on Fridays that it would result in much savings. It could result in a reduction in service. The downtown electric system, for example, is so interconnected that we might not be able to close everything fully for one day because some operations in this area like the Police Department need to function 24-7. Queen Creek reduced hours and pay but that's not what we considered. What we examined would yield a savings of maybe \$30,000 to \$40,000.

**Q14: What will you do to ensure the Water, Arts and other funds won't be used to fund General Fund positions.**

**A:** With Water and Solid Waste, it is a balancing act. Rate payers pay all costs for the services they receive and are not obligated to pay for other things in the city. We can't load lots of costs into these areas. There may legitimately be items in the General Fund that are related to the functioning of special funds. We are trying to strike a healthy balance. We saved 3.5 positions by eliminating contract help in the General Fund for custodial and maintenance positions for the Water Department and bringing those costs to Water.

**Q15: What is being looked at for furloughs?**

**A:** Furloughs were not part of my plan but Council has directed us to look at it. With MOUs tied up for another year, some of those groups may not want to give things up. If Council wants to save \$5 million one way could be through furloughs. We don't have the report yet but will present it to Council next week. Furloughs are tricky and there are lots of variables that may impact savings. \$5 million means 104 hours (13 days) or 145 hours for Firefighters. Furloughs won't work if applied in the exact same way across the city. Department heads would need to figure out how to implement them in consultation with

employees. The other consideration is that, depending on how you distribute the days, it could impact employees' personal decisions about using vacation time.

**Q16: How do you compare a furlough to a paycut?**

**A:** A 1 percent cut in pay is about \$1.1 million for the General Fund. A 5.5 percent cut in pay would be \$5 million. A 13-day furlough is equivalent to a 5 percent pay cut.

**Q17: With the \$5 million goal to reduce pay and benefits, how do you look at citywide versus union-specific?**

**A:** This is a challenge. Monetary amounts can be assigned to each group relative to their size. That is complex to do but it is the basic idea.

**Q18: The MOUs are locked up, so is there any discussion about benefit reductions?**

**A:** We are not proposing a unilateral benefit reduction. If a group wants an alternative to furloughs, the savings will be applied to that group. If an employee group doesn't come forward, we won't discuss those options.

**Q19: Will a visual presentation be made showing the number of hires per department since the last recession?**

**A:** Such a breakdown of historic hires was distributed to Council at the last IRS. We will put it on the Web.

**Q20: It seems like a bad time to interview for a new Finance director.**

**A:** We would prefer not to have done this. There may have been reasons to reorganize some departments at some point. But doing it to this extent is not preferred. The Council came to me early in the process and felt that consolidation was necessary. There is nothing inherently fair about having to do this. Council also didn't want to lose talent and knowledge in our workforce. Doing all of this is an incredible undertaking.

**Q21: If you are furloughed in a fund other than the General Fund would that really count toward \$5 million for the General Fund?**

**A:** The savings from those furloughs would accrue to the various funds. We need to reach at least \$5 million in the General Fund.

**Q22: Would it be possible to use excess vacation time beyond the 400 hours maximum instead of taking a furlough?**

**A:** We are looking at this. Whatever we do needs to save us money in the end.

**Q23: What efforts have been made to diversify Tempe's revenue streams beyond sales tax?**

**A:** We faced this after 9-11. This was my biggest concern in first coming here. Arizona is over-reliant on sales tax and our only option is to raise the sales tax. Decisions made many years ago in Arizona to have state-shared revenues locked up other options. Other areas of the country have more options. The only thing we can hope is that Arizona changes the system. The revenue items that we are considering are really pushing it, like

surcharges on court penalties. We already place local and state fees on citations that are multiples of the original fee.

**Q24: If the City Manager believes his 2 percent cut was enough in 2009-10, why doesn't he support the same 2 percent cut for those employees who have been told they are getting a pay cut this time around of significantly more than 2 percent.**

**A:** Department heads took a voluntary 2 percent cut in a quiet way because it was the right thing to do. If there's a pay cut this time around, it should be applied equally. The City Council has said they don't want to hit people twice. The Council also decided to cut car allowances for themselves and department managers. Pieces of the plan such as reclassifications and bumping have the effect of cutting people's pay – they were implemented not for the purpose of cutting pay but for the purposes of restructuring.

**Q25: Furloughs for Police and Fire result in more OT for officers and firefighters while those areas of the city that support public safety are salaried and will just work longer hours and make less money. Ironically, the savings from furloughs goes into the "beaker" to save Police and Fire jobs. Something is broken.**

**A:** The Council said they don't want to replace furloughs with overtime because that would not be effective. We are still evaluating whether we can do furloughs in several areas of the city in a way that makes sense.

**Q26: If the sales tax is approved and we use the money to bring positions back, won't we be in the same position at the end of four years?**

**A:** The Council's decision to have the sales tax sunset is logical to garner community support. Several options are possible. At the end of four years, things could recover beyond what we think. Council could ask voters to make the tax permanent. The worst case scenario would be to have to make cuts again.

**Q27: How do we create a sustainable workforce number that's not at the mercy of the economy?**

**A:** In the 2009-10 budget process, we figured out a staffing level but didn't get there. This year we have more work to do because last year we pushed the problem to this year. If we had enough reserves, that would have been enough so that's also a piece of the issue. This has caused us all to look at things differently and they will stay with us a long time.

**Q28: Employees were asked to make recommendations to save money. When will these recommendations be responded to and who is or will be reviewing them?**

**A:** All suggestions received during the 2009-10 process are still be followed up on by Audit. That will continue. They also will review suggestions received during the 2010-11 process to ensure that everything feasible is followed up on. Many recommendations from employees are incorporated in the plan being reviewed by Council now.

**Q29: If a salary reduction is implemented would it be temporary?**

**A:** No. Given that we have a \$30 million deficit, that \$5 million solution needs to be there in future years. Even a furlough would be a temporary solution that would need to

be converted into something else once the MOUs are open again. If we did a pay cut, then when it came time again to give raises in the future, they would be given from the lower rate of pay rather than the former rate of pay.

**Q30: What have the four employee groups brought to the table?**

**A:** The employee groups brought pay freezes to the table starting in 2009-10; that should not be minimized. As of right now, we don't have proposals from the employee groups to open their MOUs but that may happen. March 4 is approaching but if something was brought forward, we could work with that. If nothing else comes forward, we will likely go with furloughs.

**Q31: I am a part-time benefitted employee and a single mother with two children. I pay \$250 a month for health insurance because only part of the coverage is subsidized. I am concerned about furloughs for part-time employees because I think that would be more of a hardship for them. Would part-time employees be subject to furloughs?**

**A:** That is to be determined. Part-time employees may get a pro-rated furlough.

**Q32: Why are some employees being demoted while others are getting less. Isn't this unfair.**

**A:** That is a question we are grappling with. Is a reclassified employee better off than an employee who had their position eliminated? At the highest level, there is nothing fair about having to go through this process but we are trying to make it as fair as possible. We cannot treat everyone exactly the same because there are different levels in the organization and different needs in departments. Fair is always in the eye of the beholder.

**Q33: Did department managers realize they could have taken pay cuts to come up with budget savings? Can we do an across-the-board paycut for at-will employees and have top management take a higher percentage cut than other employees?**

**A:** The area we've looked at that is effectively a pay cut is car allowances. For those employees whose positions were reclassified that could result in a pay cut; some departments proposed those as part of achieving their targets. Outside of that, we said that we were not going to do salary cuts on a piecemeal basis. Management and higher-paid employees should be the same as other employees. A Councilmember has asked us to look at different levels of salary cuts based on different levels of income. You can do that – I don't know that it makes sense over the long term. Our pay system is based on the marketplace. For example, what if you do a 10 percent cut and a 15 percent on either end of the \$100,000 level. If the employee making \$100,000 gets a 15 percent cut and the employee making \$99,000 gets a 10 percent cut, you've just reversed their positions and the person originally making \$100,000 is now making less than the person originally making \$99,000. Does that make sense – maybe. The Council will address that but I can't tell you I'll be recommending that to Council.

**Q34: Will managers, the Mayor and Council be subjected to an unpaid furlough or pay cut?**

**A:** Yes, managers will. They also took car allowance cuts. We don't know yet if the Mayor and Council could be furloughed when they do not have work hours. If you consider car allowance a part of Council's income, that is a huge portion of their income.

**Q35: The city's shortfall is \$30 million. Why are the people that are supposed to know about and predict the future budget of Tempe still working here? It seems to me that someone did not do their job. I know it is hard to say what is going to happen to the economy but isn't that why they make the big bucks. What we need is some new thinking in Tempe. We need to eliminate the inbreeding and get some new blood in Tempe's management.**

**A:** We always need new thinking – whether that's people who are here already or people from the outside. I came in from the outside two years ago and had to learn about Tempe very fast. Sometimes that perspective is beneficial because I've been exposed to other systems and other ways of doing things. What we do in order to make our predictions is work off of information we get from state sources. There are groups of economists that serve state of Arizona and cities. We use their information as a base and apply our own estimates to that. If the forecasts we made were wrong, and clearly they were, there is no one who predicted it right. It's unfair to say people don't know what they're doing because no one did.

**Q36: With public safety, are we looking at how we compare to other cities. Is there an opportunity to cut and still make us comparable to other cities.**

**A:** I have no interest in being divisive in this process. Police and Fire are in this with the rest of us. We can't turn against each other. We absolutely took this into consideration when setting targets. People have criticized the Police target as being too harsh. Again fairness is in the eye of the beholder. Phoenix is using a strict two-for-one formula but our formula was more detailed than that.